

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: INTERSTATE POWER COMPANY AND IES UTILITIES INC., n/k/a INTERSTATE POWER AND LIGHT COMPANY	DOCKET NOS. TF-02-398 TF-02-399 (FCU-01-2)
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ORDER APPROVING TARIFFS IN PART AND REJECTING TARIFFS IN PART

(Issued March 7, 2003)

On July 1, 2002, Interstate Power Company and IES Utilities Inc., n/k/a Interstate Power and Light Company (IPL), filed proposed electric and gas tariffs identified as Docket Nos. TF-02-398 and TF-02-399, respectively. The proposed tariffs were filed to comply with the Utilities Board's (Board) May 17, 2002, order in Docket No. FCU-01-2, relating to identification of persons who will be liable for payment for utility service in specified circumstances. IPL filed the electric tariff as IES Utilities Inc. (IES) since the electric tariffs of IES and Interstate Power Company have not been replaced by consolidated IPL tariffs, while the gas tariffs of the two companies have been consolidated and were filed as IPL tariffs. For purposes of this order, IPL will be considered the entity filing both sets of proposed tariffs.

On July 26, 2002, the Board issued an order docketing the proposed tariffs for further review. The additional time was needed to allow the Board to ensure the proposed tariffs complied with the order in Docket No. FCU-01-2 and to provide the

Consumer Advocate Division of the Department of Justice (Consumer Advocate) and Legal Services Corporation of Iowa (Legal Services) an opportunity to review the proposed tariffs.

On October 7 and 22, 2002, IPL filed revised tariffs. IPL indicated that it had made revisions after discussions with Board staff and Legal Services. On October 11, 2002, Consumer Advocate filed a response to the revisions stating that it supported the proposed tariffs as revised. On November 7, 2002, IPL filed another revision to the proposed tariffs to clarify the language in subsection 8.02B (gas and electric) and, on November 13, 2002, IPL filed a revision to correct typographical errors.

The proposed tariffs would make changes to existing tariff sections 7.08 (gas) and 7.10 (electric) to address the Board's decision in Docket No. FCU-01-2. In that docket, the Board found IPL tariffs that allowed IPL to hold all adults living at a location liable for payment of utility service, regardless of whether the adult was legally liable, to be unlawful. Under the proposed changes to sections 7.08 (gas) and 7.10 (electric), only spouses (where there is not a pending divorce) and adults who have signed the lease, rental, or purchase agreement would be jointly and severally liable for payment of bills for gas and electric service.

Also, in Docket No. FCU-01-2, the Board found the provisions of section 8.02 that allowed IPL to deny service to a customer if any member of the customer's household owed a debt to the company from any location to be unlawful. The

proposed tariffs would revise section 8.02, for both gas and electric service, by limiting IPL's authority to deny service or disconnect service to situations where the customer or the customer's spouse owes IPL for gas or electric service from any location. In addition, IPL has proposed a new subsection 8.02A that allows IPL to deny service if any person who signs the lease, rental, or purchase agreement to the premises owes IPL a debt and allows IPL to refuse to connect service to any person not on the lease, rental, or purchase agreement.

IPL also proposes a new subsection 8.02B for both gas and electric service. This subsection addresses the situation where service at a location is requested by a new customer and the previous customer (or another person who was liable for payment of the gas or electric bill) at the same location continues to reside at the location. Subsection 8.02B provides IPL the authority to refuse to connect service in these circumstances.

The Board finds that the proposed tariffs, as revised, go beyond the holding in Docket No. FCU-01-2 and would allow IPL to refuse service to a qualified customer based upon the debt of another person residing with the qualified customer. The proposed provisions would allow IPL to deny service to a qualified customer if another person signing the lease, rental, or purchase agreement owes a debt to IPL from another location. This provision infringes on a customer's right to live with whom they choose and could effectively prevent a person owing IPL a debt for utility

service from living in IPL service territory even if another person were paying the utility bills.

The Board found in Docket No. FCU-01-2 that a utility cannot deny service or disconnect service to a customer who allows a person who owes a debt for utility service to live at the first customer's location. The proposed tariff provisions, which would allow IPL to deny service if any person signing the lease, rental, or purchase agreement owes IPL a debt, would violate the Board's finding. A qualified customer should be able to receive service regardless of what other person lives with the customer at the location. The only exception to this rule that the Board finds acceptable is where the previous customer owes a debt for service at the residence and continues to live at the residence with the new customer. This is the "roommate rule" that is proposed in 8.02B and the Board finds that it is reasonable for the utility to have some protection from roommates attempting to defraud the utility by having a different roommate sign up for service while the debtor roommate continues to live at the location.

Based upon the Board's decision discussed above, the Board will reject certain parts of the proposed tariffs and approve other parts. With respect to tariff sections 7.08 (gas) and 7.10 (electric), the Board finds the proposed language making a spouse liable for payment for service, except where a divorce is pending, acceptable. The Board rejects the proposed provision of 7.08 and 7.10 reading as follows: "In the case of residential Customers, all adults living at the premises who

have signed the lease, rental, or purchase agreement shall be jointly and severally liable for payment of bills.”

IPL was directed in Docket No. FCU-02-1 to modify the current provisions in sections 7.08 (gas) and 7.10 (electric) to comply with the Board’s order. To comply with FCU-01-2, IPL must remove the existing language from these sections that provides “in the case of residential Customers, all adults living at the premises may be jointly and severally liable for payment of bills.”

With respect to the other proposed tariffs and based upon the analysis discussed above, the Board approves all of proposed sections 8.02 (gas) and 8.02 (electric) relating to customer and spouse debts. The Board rejects all of proposed subsections 8.02A (gas) and 8.02A (electric), relating to all persons who sign a lease, rental, or purchase agreement. The Board approves all of proposed subsections 8.02B (gas) and 8.02B (electric) relating to service to premises where a debtor continues to reside. IPL will be directed to file proposed tariffs reflecting these decisions.

IT IS THEREFORE ORDERED:

1. The proposed tariffs filed by Interstate Power Company and IES Utilities Inc., n/k/a Interstate Power and Light Company, on July 1, 2002, as revised on October 7, October 22, November 7, and November 13, 2002, are approved in part and rejected in part as described in this order.

2. Interstate Power Company and IES Utilities Inc., n/k/a Interstate Power and Light Company, shall file proposed tariffs consistent with this order on or before April 1, 2003.

UTILITIES BOARD

/s/ Diane Munns

/s/ Elliott Smith

CONCURRENCE OF MARK O. LAMBERT

I am joining my colleagues in approving this Order, but I would have preferred also to reject subsection 8.02B of the gas and electric tariffs. I continue to be troubled by proposed tariff provisions relating to the so-called "roommate rule" -- that is, the notion that all persons at a residence who benefit from utility service are automatically responsible for the bill. While I understand the utility's concern about situations where roommates might run up a bill in one roommate's name, fail to pay, and then switch service to another roommate's name to avoid disconnection, there are other ways for the utility to collect the unpaid debt, such as small claims court. I believe that the decision of the roommates as to which roommate will assume responsibility for which bills is a decision that is properly left to the roommates, rather than the utility.

Further, a credit-worthy customer should not normally be denied service because of someone else's debt. An example will illustrate my point. If a customer who owes a debt to a utility is able to make arrangements for a different person, one with good credit standing and living in the same household, to assume responsibility for the utility bills at that premise, then the utility should be required to provide service to that household. This would assure that the customer with good credit gets utility service from that point forward. Both of these outcomes are in the public interest.

I recognize that the roommate rule can arise in many complex factual settings and there may be situations in which competing public interests may call for different outcomes. Moreover, I understand that different utilities have different tariff provisions relating to these issues. For these reasons, I would support a rule making proceeding on these issues so that interested persons can argue different perspectives on these issues, brief relevant legal issues, and allow the Board to develop a standard policy to balance the protection of utility interests and consumer rights.

/s/ Mark O. Lambert

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

Dated at Des Moines, Iowa, this 7th day of March, 2003.